

Message Text

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E.O. 11652: N/A

TAGS: PINS, EFIN, GR

SUBJECT: EX-PRES PAPADOPOULOS AND MINISTERS IMPLICATED
BY TESTIMONY DURING LOCAL BLACKMAIL TRIAL

REF: (A) THESSALONIKI 267, (B) THESSALONIKI 124

1. THESSALONIKI PAPERS OF JUNE 7 CONTINUE FOCUS ON LOCAL SCANDALS (REF A) WITH FRONTPAGE REPORTS ON SENTENCING PREVIOUS DAY BY SPECIAL MILITARY COURT OF GEORGE KARAKOSTAS TO FIVE YEARS' IMPRISONMENT FOR "REPEATED BLACKMAIL, ATTEMPTED BLACKMAIL, AND THEFT OF DOCUMENTS". PRESENT KARAKOSTAS CASE IS ROUTINE CRIMINAL PROCEEDING; HOWEVER, HE ALSO CENTRAL FIGURE IN ABORTIVE 1969 CONTRACT FOR \$110 MILLION ITALIAN TRACTOR PLANT (REF B) AND TESTIMONY DURING TRIAL CONTAINED FOLLOWING DAMAGING REFERENCES TO EX-PRESIDENT PAPADOPOULOS AND FORMER MINISTERS:

2. PROSECUTION WITNESS AND LOCAL KNITWEAR MERCHANT MANGOUSOGLU TESTIFIED THAT KARAKOSTAS HAD CONFIDED TO HIM SECRET DEALINGS RE CONTROVERSIAL PLANT WITH PAPADOPOULOS, EX-VP MAKAREZOS, AND LATE COORDMIN FTHENAKIS. SPECIFICALLY, KARAKOSTAS IS ALLEGED TO HAVE STATED THAT HE FINANCED BY ITALIAN INVESTORS AND AUTHORIZED TO OFFER UP TO

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20 MILLION DRS (APPROX \$700,000) IN BRIBES TO OBTAIN

CONTRACT. AFTER PROPOSAL TO FTHENAKIS AND MAKAREZOS, LATTER "SHOWED INTEREST" IN THIS AMOUNT AND AGREEMENT WAS SIGNED. SUBSEQUENTLY, PAPADOPOULOS ALLEGED TO HAVE SOUGHT ADDITIONAL 20 MILLION DRS AS DEPOSIT IN NUMBERED SWISS ACCOUNT. ACCORDING TO TESTIMONY, ITALIAN GROUP, INCLUDING ALFA-ROMEO, UNABLE OFFER ADDITIONAL BRIBE AND PROJECT ABANDONED. KARAKOSTAS WAS REPORTED TO HAVE RESIDED IN ATHENS HILTON FOR TWO YEARS ON ITALIAN EXPENSE ACCOUNT DURING NEGOTIATIONS WITH OFFICIALS ABOVE.

3. COMMENT: WHILE LOCAL NEWSPAPERS (REF A) HAVE HINTED AT INVOLVEMENT IN SCANDALS OF SENIOR OFFICIALS IN PAPADOPOULOS REGIME, ABOVE IS FIRST SPECIFIC REFERENCE TO EX-PRESIDENT AND MINISTERS OF WHICH WE AWARE IN COURT PROCEEDINGS HERE.
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Message Attributes

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